OGC HAS REVIEWED.

28 August 1969

MEMORANDUM FOR: Legislative Counsel

THROUGH : DD/Pers/SP

FROM : Northwest Federal Credit Union

SUBJECT: Federal Tax Witholding on Dividend and

Interest

Information has been received by the Northwest Federal Credit Union through financial circles and publications (D.C. League News-18 August 1969) that Senator Edward M. Kennedy served formal notice that he will propose an amendment to the tax reform bill to require financial institutions to withold federal income tax on interest and dividends credited to savings accounts.

Financial institutions are now required to file an information return (1099) with the Treasury Department on an annual basis. The Northwest Federal Credit Union does not submit complete returns on all of its members through an arrangement with the Internal Revenue Service. (Ref: OGC 63-2704; OGC 64-0027; OGC 64-3535)

Should the above amendment become law as part of the tax reform bill--we may be required to re-study our commitments to the membership and Agency regarding disclosure of information on certain accounts.

Follow-up information on the progress of the amendment will be most helpful in our planning.

The cooperation, guidance, and counsel of your office will be most welcome and appreciated.

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